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April 22, 2024

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Notice regarding a Merger with a Consolidated Subsidiary

Elecom Co., Ltd. (the “Company”) hereby announces that during a meeting held on April 22, 2024, its Board of Directors decided to carry out a merger with wholly owned subsidiary ForceMedia, Inc. (“FM”).

This merger will be a short-form merger of a wholly owned subsidiary, so certain disclosure items and details have been omitted.

1. Purpose of the merger

In June 2021, the Elecom Group converted FM into a subsidiary with the aim of expanding the network storage and security camera product lineups it provides through B2B channels while strengthening the solutions it provides through corresponding business operations.

Since acquiring FM, Elecom has sought to improve its corporate value over the medium to long term by leveraging the robust nationwide sales network maintained by its corporate group, as well as its comprehensive and specialized strengths and economy of scale-related advantages, to enhance its procurement and distribution activities.

The Company’s Board of Directors reached the decision to perform this merger based on the objectives of strengthening market dominance and raising the earnings of the entire Elecom Group through cost reduction efforts and further consolidation of information systems and supply chains.

2. Merger summary

(1) Schedule

Board of Directors approval of merger resolution (FM) April 16, 2024

Merger agreement date April 22, 2024

Effective date of merger July 1, 2024 (planned)

Note: With regard to the Company, this merger will be a simplified absorption conducted in accordance with Article 796-2 of Japan’s Companies Act. From the perspective of FM, this merger will be a simplified merger executed based on Article 784-1 of the Companies Act. Accordingly, neither party plans to hold a general meeting of shareholders to approve the merger agreement.

(2) Method of merger

Elecom will absorb FM, with the latter being dissolved on the effective date of the merger.

(3) Merger-related allocations

FM is a wholly owned subsidiary of the Company, so no allocation of shares or other assets shall take place in connection with this merger.

- (4) Handling of share acquisition rights or bonds with share acquisition rights upon the merger
Not applicable

3. Overview of the merging companies (as of March 31, 2023)

(1) Name	Elecom Co., Ltd.	ForceMedia, Inc.	
(2) Businesses	Development, manufacture and sale of products associated with PCs and digital equipment	Import and sale of global electronic products from well-known brands	
(3) Established	May 1986	January 2010	
(4) Locations	4-1-1 Fushimi-machi, Chuo-ku, Osaka-shi, Osaka, Japan	4-1-28 Kudankita, Chiyoda-ku, Tokyo, Japan	
(5) Representatives	Chairman and Representative Director Junji Hada	President and Representative Director Joji Ikeda	
(6) Capital	¥12,577 million	¥98 million	
(7) Total number of shares issued	92,221,420	9,800	
(8) Fiscal year end	March 31	March 31	
(9) Major shareholders and ownership percentages	Junji Hada 21.45% Sons Co., Ltd. 14.91% The Master Trust Bank of Japan, Ltd. (Trust Account) 8.53% Justine Co., Ltd. 6.33% Custody Bank of Japan, Ltd. (Trust Account) 3.08% TAIYO FUND, L.P. 2.48%	Elecom Co., Ltd. 100%	
(10) Financial condition and business performance in most recent fiscal year			
Elecom Co., Ltd. (consolidated) Fiscal year ended March 31, 2023		ForceMedia, Inc. Fiscal year ended March 31, 2023	
Net assets	¥81,204 million	Net assets	¥356 million
Total assets	¥106,846 million	Total assets	¥1,504 million
Net assets per share	¥957.74	Net assets per share	¥36,338.59
Net sales	¥103,727 million	Net sales	¥2,655 million
Operating profit	¥11,305 million	Operating profit	¥218 million
Ordinary profit	¥11,376 million	Ordinary profit	¥185 million
Profit attributable to owners of the parent	¥8,129 million	Profit	¥129 million
Earnings per share	¥95.32	Earnings per share	¥13,167.58

4. Post-merger status

This merger will result in no changes to the Company's name, location, business activities, capital stock, or fiscal year end, nor will it cause any changes to the name or title of the Company's representative.

5. Outlook

Since this merger involves only the Company's absorption of a wholly owned subsidiary, its impact on the Company's consolidated financial performance is projected to be minimal.